

Message Text

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PAGE 01 BRASIL 08492 291431Z

65

ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 ACDA-05 CIAE-00 DODE-00 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 MC-02 TRSE-00 OMB-01 COME-00 EB-07 AID-05

IGA-01 /074 W

----- 033759

R 291345Z SEP 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1727

INFO USCINCSO QUARRY HTS CZ

CHIEF USDEL JBUSMC RIO DE JANEIRO

C O N F I D E N T I A L BRASILIA 8492

E.O. 11652: GDS

TAGS: MASS BR

SUBJECT: SALE OF USN SHIPS ON LOAN/LEASE

REF: STATE 222561

1. WHILE DEPARTMENT IN BETTER POSITION TO GAUGE PROBABLE ATTITUDE OF CONGRESS TOWARD SHIP TRANSFERS TO BRAZILIAN NAVY, EMBASSY AND USDEL JBUSMC CONSIDER BEST COURSE WOULD BE TO GO AHEAD AND OFFER LEASED SHIPS FOR SALE TO BRAZILIANS EVEN AT RISK OF CONGRESSIONAL TURNDOWN. IF PRICES OFFERED BY USN ARE COMPARABLE TO THOSE IN PAST, WE BELIEVE BRAZILIANS WOULD BE FAVORABLY IMPRESSED WITH THIS OPPORTUNITY. ALTHOUGH WE HAVE MADE NO SPECIFIC SOUNDINGS, WE BELIEVE BRAZILIANS WILL BE VERY INTERESTED IN OUTRIGHT PURCHASE OF ALL LEASED SHIPS WITH POSSIBLE EXCEPTION OF FLOATING DRYDOCK (EX-AFDL 39). IF CONGRESS DOES REFUSE TO APPROVAL SALE OF SHIPS, MOST SATISFACTORY--BUT FAR LESS DESIRABLE--ALTERNATIVE COURSE FROM BRAZILIAN STANDPOINT WOULD BE TO RENEW LEASES. AGAIN DEPARTMENT BETTER ABLE TO JUDGE PROBABLE CONGRESSIONAL WILLINGNESS TO APPROVE RENEWAL, THOUGH DISCUSSION IN PARAGRAPH 9 IN REFTTEL SUGGESTS CONGRESS MIGHT ACCEPT SUCH FORMULA SINCE IT WOULD CONTINUE TO PROVIDE SOURCE OF LEVERAGE. OF POSSIBLE
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PAGE 02 BRASIL 08492 291431Z

RELEVANCE IN DEALING WITH CONGRESSIONAL REACTION IS FACT THAT

NONE OF SHIPS WHICH WOULD BE OFFERED HAS BEEN OR IS LIKELY TO BE DIRECTLY INVOLVED IN MARITIME PATROLS RESULTING IN SEIZURES OF AMERICAN FISHING BOATS.

2. IF DECISION MADE TO PROCEED, WE WOULD, OF COURSE, CAREFULLY INFORM BRAZILIANS THAT SUCH SALES WOULD REQUIRE EITHER SPECIFIC LEGISLATION OF CONGRESSIONAL APPROVAL, DEPENDING ON SIZE AND AGE OF VESSELS, AND THAT GRANTING OF SUCH LEGISLATION OR APPROVAL CANNOT BE TAKEN AS FOREGONE CONCLUSION. BRAZILIAN NAVY ALREADY AWARE OF THESE CONSIDERATIONS AS IT WAS INFORMED IN AUGUST 1974 BY CHNAVSEC, USDEL JBUSMC, OF ADOPTION OF BYRD AMENDMENT AND ITS PROSPECTIVE APPLICABILITY TO FOLLOWING SHIPS NOW ON LEASE: EX-LST1174, TAGOR 6, AND ARB 12. IF DECISION IS MADE TO GO AHEAD, WE WOULD PLAN TO FOLLOW THIS UP WITH MORE DETAILED EXPLANATION OF TERMS OF OFFER TO BRAZILIAN NAVY OFFICIALS AND TO FOREIGN MINISTRY, CAREFULLY POINTING OUT LEGISLATIVE CONDITIONS. WE THINK BRAZILIANS WILL APPRECIATE RISK BUT WILL BE WILLING TO TAKE IT.
JOHNSON

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